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Momentive Performance Materials Inc.

Fourth Quarter and Fiscal Year Quarter 2011 Earnings Conference Call

March 2, 2012

Forward-Looking Statements

Momentive Performance Materials Inc. (MPM)

Certain statements in this presentation are forward-looking statements within the meaning of and made pursuant to the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. In addition, our management may from time to time make oral forward-looking statements. All statements, other than statements of historical facts, are forward-looking statements. Forward-looking statements may be identified by the words “believe,” “expect,” “anticipate,” “project,” “plan,” “estimate,” “may,” “will,” “could,” “should,” “seek” or “intend” and similar expressions. Forward-looking statements reflect our current expectations and assumptions regarding our business, the economy and other future events and conditions and are based on currently available financial, economic and competitive data and our current business plans. Actual results could vary materially depending on risks and uncertainties that may affect our operations, markets, services, prices and other factors as discussed in the Risk Factors section of our most recent Annual Report on Form 10-K and our other filings with the Securities and Exchange Commission (the “SEC”). While we believe our assumptions are reasonable, we caution you against relying on any forward-looking statements as it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results. Important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, a weakening of global economic and financial conditions, interruptions in the supply of or increased cost of raw materials, changes in governmental regulations and related compliance and litigation costs, difficulties with the realization of cost savings in connection with our strategic initiatives, including transactions with our affiliate, Momentive Specialty Chemicals Inc., pricing actions by our competitors that could affect our operating margins, the impact of our substantial indebtedness, our failure to comply with financial covenants under our credit facilities or other debt, and the other factors listed in the Risk Factors section of our most recent Annual Report on Form 10-K and in our other SEC filings. For a more detailed discussion of these and other risk factors, see the Risk Factors section in our most recent Annual Report on Form 10-K and our other filings made with the SEC, including our quarterly reports on Form 10-Q.All forward-looking statements are expressly qualified in their entirety by this cautionary notice. The forward-looking statements made by us speak only as of the date on which they are made. Factors or events that could cause our actual results to differ may emerge from time to time. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

This presentation contains non-GAAP financial information. Reconciliation to GAAP is included at the end of the presentation.

Momentive Performance Materials Inc. (MPM)

Overview of Fourth Quarter and Fiscal Year 2011 Results

Craig O. Morrison
Chairman, President & Chief Executive Officer

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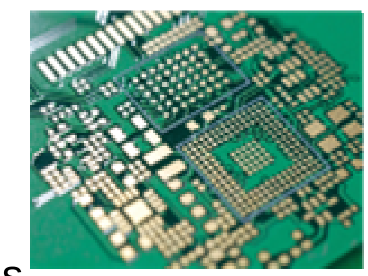
Fourth Quarter 2011 Results

- Revenues of $596 million versus $670 million in prior year primarily reflecting lower sales volumes
- Combined Adjusted EBITDA(1)(2) of $38 million compared to $110 million in prior year quarter
  - Continued to reflect softer European and Asian markets, unfavorable product mix and ongoing inventory destocking in 4Q’11

- Operating loss of $(28) million compared operating income of $59 million in 4Q’10
- Through December 31, 2011, MPM realized $35 million in cost savings on a run-rate basis from the shared services agreement with Momentive Specialty Chemicals Inc. (“MSC”)
  - Continuing to proactively identify additional cost-saving opportunities to offset economic weakness

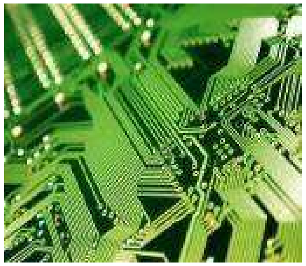


- Ongoing investment in higher growth product lines and growth regions positions MPM for long-term growth and profitability

(1) Excludes impact of pro forma savings from the shared services agreement.
(2) Defined as Adj. EBITDA plus EBITDA of Unrestricted Subsidiaries. EBITDA from unrestricted subsidiaries is included in Combined Adj. EBITDA (but excluded from Adj. EBITDA as defined in the debt documents).

Fiscal Year 2011 Results

- Fiscal Year 2011 Combined Adjusted EBITDA(1)(2) of $379 million compared to $493 million in prior year
  - Impacted by weakening demand in key end use markets, raw material inflation and 2H'11 inventory destocking
  - Operating income of $142 million compared to $262 million in FY'10
- 2011 was a tale of two halves: record profitability in the first half validates the strong performance capability inherent in the portfolio; second half declined dramatically driven by the global economy and new market capacity expansions
- MPM continues to maintain a strong liquidity position with cash and available borrowings of $461 million as of December 31, 2011
- MPM was in compliance with all financial covenants governing its senior secured credit facilities at December 31, 2011



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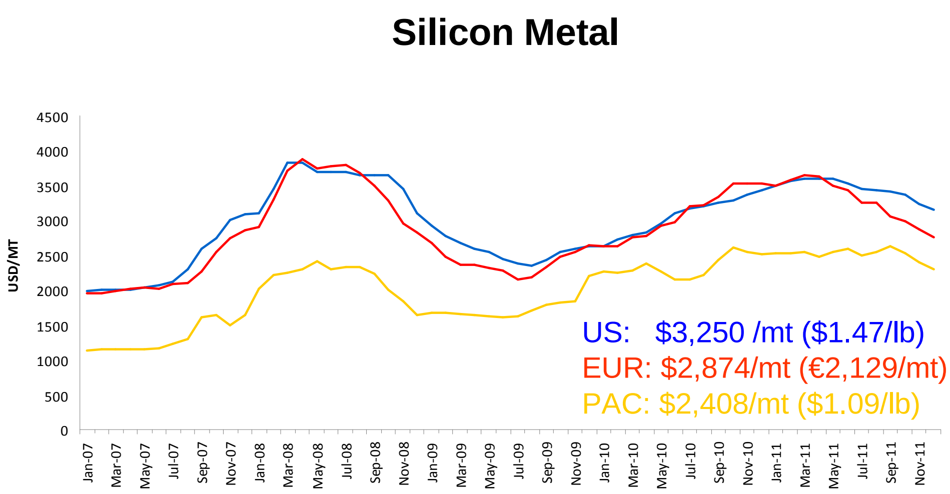
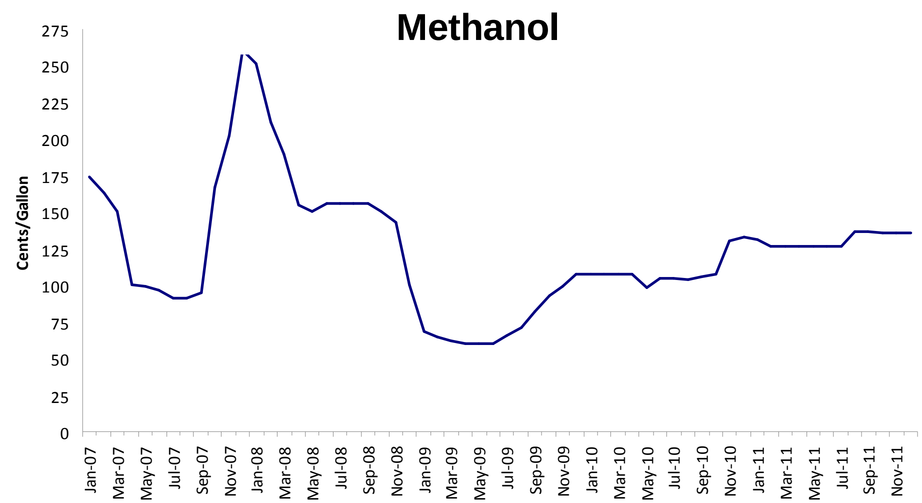
(2) Defined as Adj. EBITDA plus EBITDA of Unrestricted Subsidiaries. EBITDA from unrestricted subsidiaries is included in Combined Adj. EBITDA (but excluded from Adj. EBITDA as defined in the debt documents).

Silicon Metal Spot Price Under Pressure in Fourth Quarter 2011; Methanol Increased Sequentially



Source: CRU



Source: CMAI Methanol Contract-Net Transaction FOB Houston Tx

Summary

- Silicon metal spot prices softened in 4Q'11; regional differences persist
- Methanol increased ~10% in 4Q'11 over 4Q'10
- Anticipate that raw material costs will stabilize in 1H'12 and strengthen in 2H'12

Global Economic Decline Drove a Significant Decrease in 4Q'11 YoY Sales

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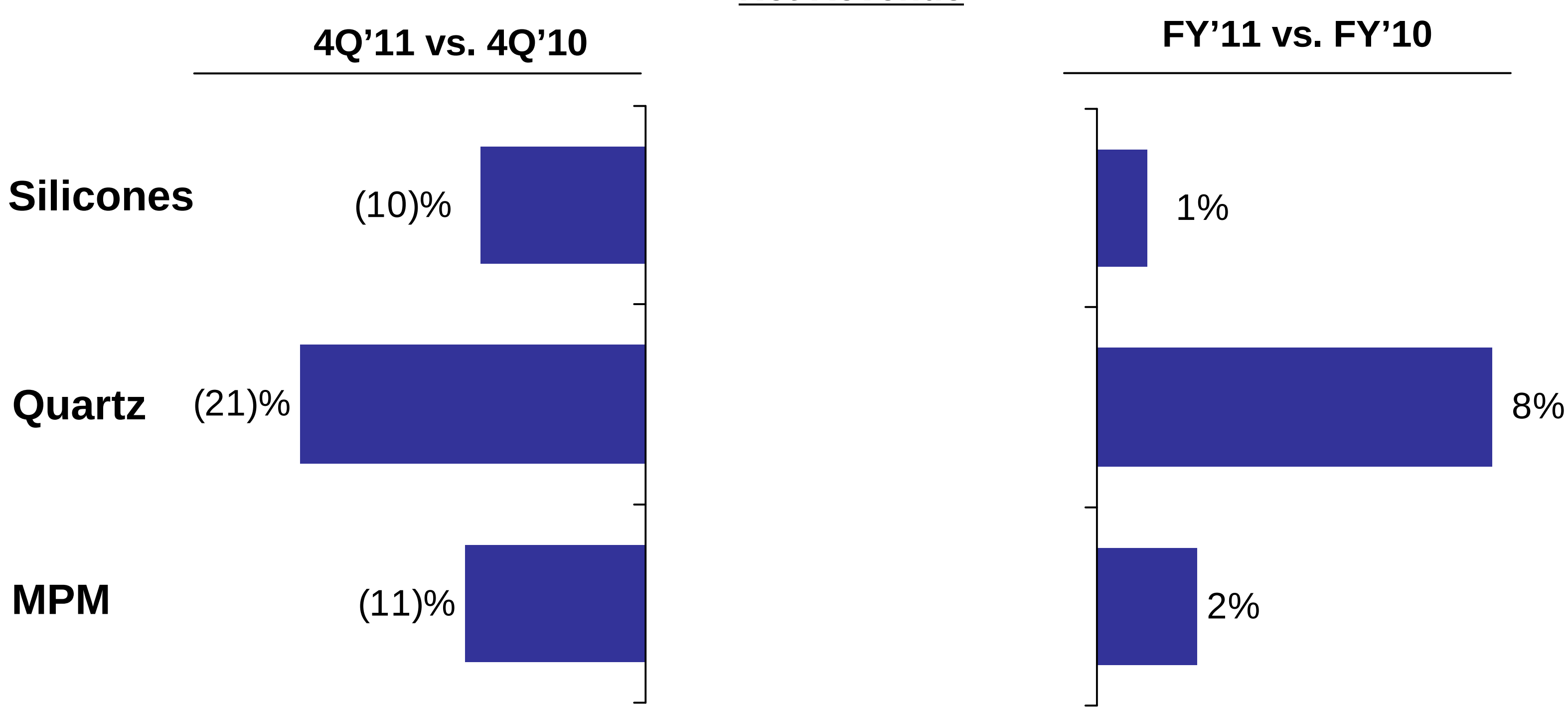
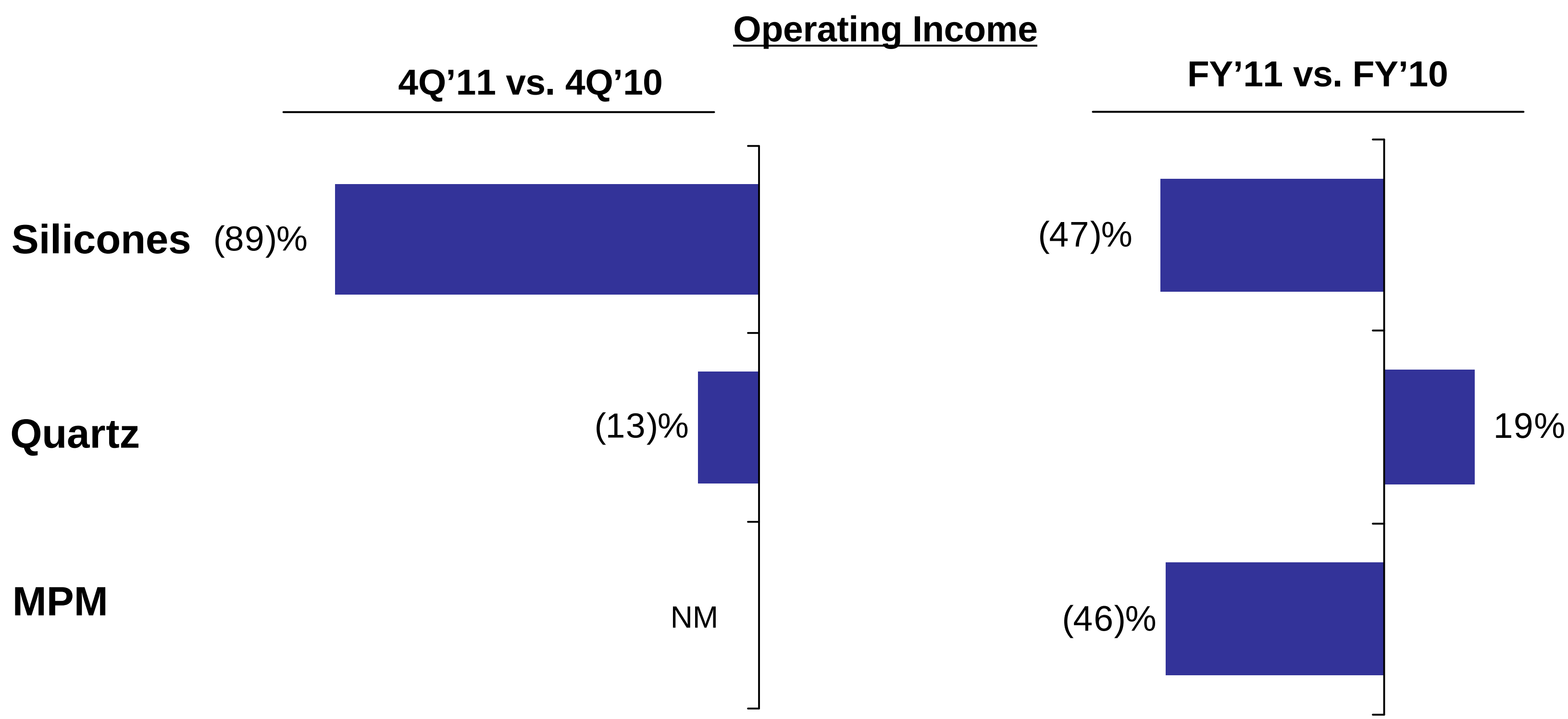
Net Revenue



Summary

- 4Q'11 YoY silicones revenue continued to reflect softness in China and EU region
- 4Q'11 quartz results reflected cyclical downturn in demand for semiconductor capital goods
- FY'11 sales reflects a strong first half offset by a decline in the second half of 2011

Fiscal Year 2011 Operating Income



Summary

- 4Q'11 YoY silicones and quartz operating income reflected softer volumes and unfavorable product mix due to declines in certain higher-margin products
- FY'11 results reflected a 6% increase in 1H 2011 operating income versus 1H' 2010, which was fully offset by a rapid decline in market conditions in the second half of 2011

EBITDA Bridge: 4Q 2010 - 4Q 2011

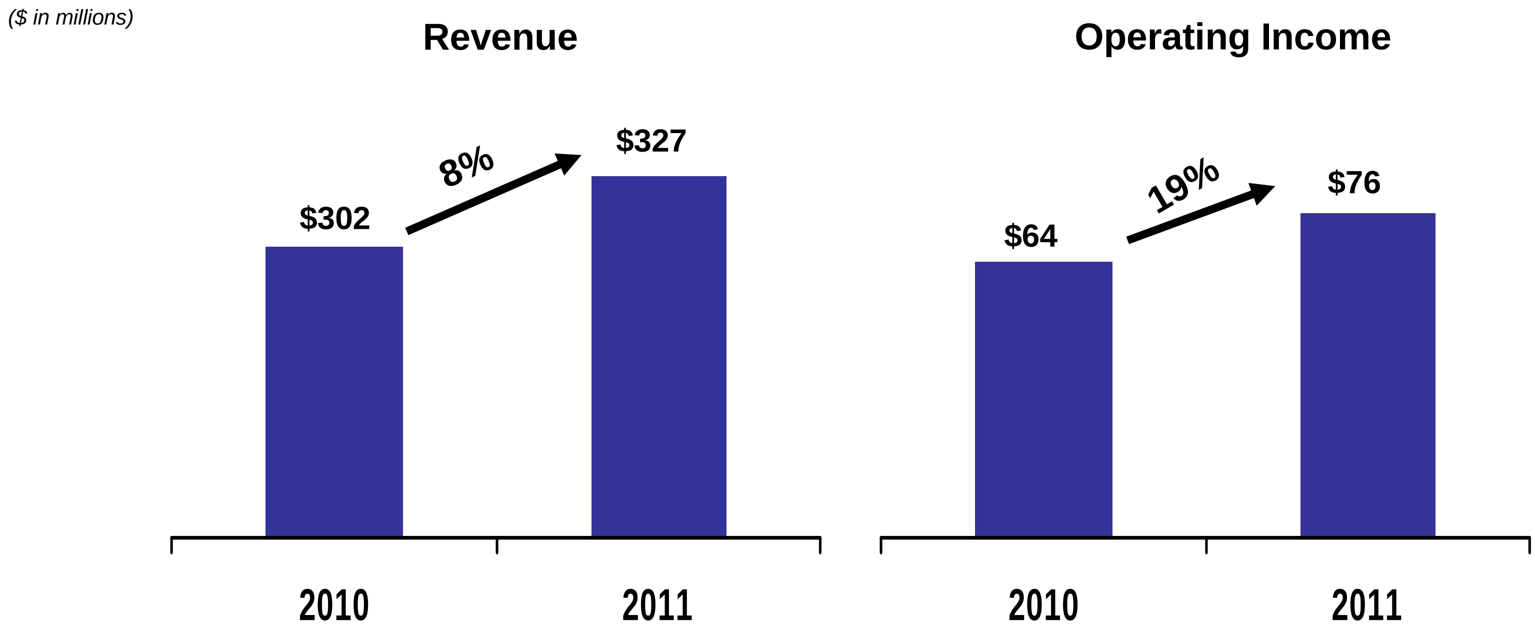
Combined Adjusted EBITDA
(excluding pro forma savings from shared services agreement)

($ in millions)

4Q'10	$110
Volume	(24)
Selling Price / Mix	(4)
Raw Material Costs	(39)
Synergies	7
Other	(12)
4Q'11	**$38**

CURRENT MARKET CONDITIONS ARE DEPRESSING EARNINGS; LONG-TERM POTENTIAL OF THE BUSINESS PORTFOLIO SUPPORTED BY SPECIALTY PRODUCT MIX AND GEOGRAPHIC AND END MARKET DIVERSITY

Strong 2011 Quartz Performance



Summary

- Strong top line growth
- Operating income in 2011 exceeded all prior year levels
- Continue to focus on diversifying the quartz and ceramics portfolio to offset semiconductor cyclicality
- Specialty quartz production facility in Geesthacht, Germany. Quartz and ceramic expansions in Newark, OH and Strongsville, OH sites anticipated to be completed in 2012

QUARTZ DIVISION: > 1,200 CUSTOMERS IN 2011

Momentive Performance Materials Inc.

Financial Review

William H. Carter
Executive Vice President & Chief Financial Officer

Silicones
Fourth Quarter 2011 Segment Results

Summary

- Sales volume continued to reflect weakness in Europe & Asia Pacific, while Americas stable
- Operating income reflected inventory destocking
- Specialty products continue to recover inflation
- Maintaining strong emphasis on cost optimization
- Aggressively focusing on growth programs for 2012 to offset volatility
  - BRIC regions and higher growth product lines
  - Co-location of technology resources
  - Strategically focused market development teams

4Q Quarter Ended

($ in millions)	**2011**	**2010**	Δ
Revenue	$ 530	$ 586	(10)%
Operating Income	6	57	(89)%

4Q'11 Sales Comparison YOY

Volume	Price	Foreign Exchange	Total
(13)%	2%	1%	(10)%

Quartz
Fourth Quarter 2011 Segment Results

4Q Quarter Ended

($ in millions)	2011	2010	Δ
Revenue	$ 66	$ 84	(21)%
Operating Income	14	16	(13)%

4Q11 Sales Comparison YOY

Volume	Price	Foreign Exchange	Total
(24)%	2%	1%	(21)%

Summary

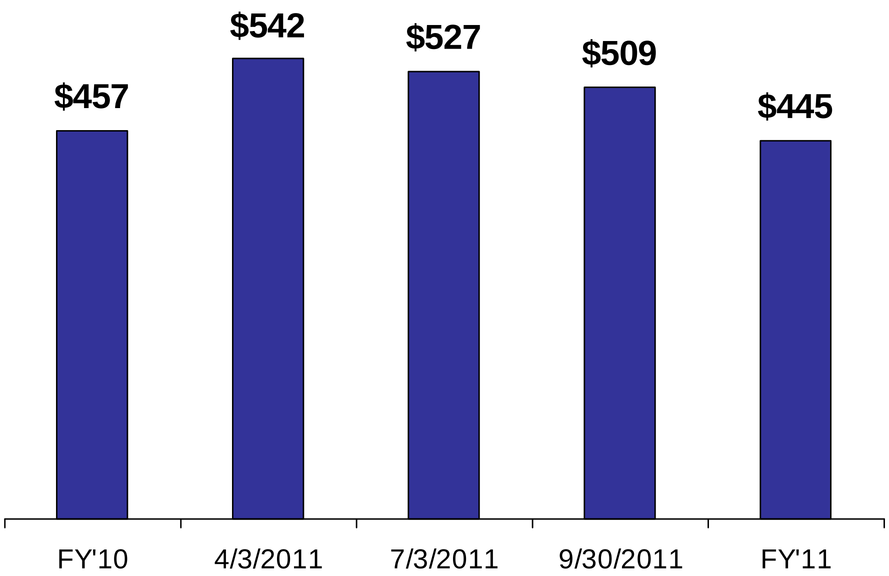
- Slowdown in semiconductor-related demand drove softer 4Q'11 results
- Expect fourth quarter 2011 slowdown to continue into 2012, with gradual recovery anticipated for 2H'12
  - Growth investments and cost actions will reduce cycle impact over the long-term

Balance Sheet Update & Financial Summary

- Cash flow from operations totaled $109 million in FY'11
  - Despite drop in earnings, generated cash flow from operations of $25 million in 4Q'11
- Aggressively worked to optimize working capital and position inventories in 4Q'11
- FY'11 capital expenditures of $111 million
  - Anticipate FY'12 capital expenditures of ~ $120 to $130 million
  - Low maintenance capital expenditures; free cash flow supported by low working capital intensity
- Liquidity remained strong with cash plus borrowing availability of $461 million at 12/31/11

Net Working Capital (1)

$ in millions



Net Working Capital, % of Net Sales

2011	2010
16.9%	17.7%

TOTAL DEBT: ~ 2.9 billion; NET DEBT ~ $2.7 billion (12/31/11)

(1) Net working capital defined as accounts receivable and inventories less accounts payable.

Closing Remarks

Fourth Quarter and Fiscal Year 2011 Closing Remarks

- Revenue and Combined Adjusted EBITDA in 4Q'11 reflected global economic volatility and softer volumes, although MPM was successful in its pricing actions for specialty products
- 2011 was a tale of two halves with Combined Adjusted EBITDA(1)(2) up 2% in the first half of 2011 and decreased in the second half of 2011 driven by macro economic conditions and capacity expansions
- Focused on continued achievement of savings from shared services agreement; MPM's run-rate savings totaled $35 million as of December 31, 2011
- Continuing to identify additional cost-savings to offset economic weakness
- MPM continues to maintain a strong liquidity position with cash and available borrowings of $461 million
- Improvement in our average daily order rates in January and February 2012 compared to trends in the fourth quarter of 2011; however, product mix and pressure on margins are projected to continue to be a factor in first quarter of 2012

SILICONES AND QUARTZ REMAINS A VERY ATTRACTIVE MARKET SEGMENT WITH STRONG GROWTH POTENTIAL

(1) Defined as Adj. EBITDA plus EBITDA of Unrestricted Subsidiaries. EBITDA from unrestricted subsidiaries is included in Combined Adj. EBITDA (but excluded from Adj. EBITDA as defined in the debt documents.)

(2) The earthquake in Japan and related events negatively impacted EBITDA by $16 million in the first half of 2011.

Appendices

Reconciliation of Non-GAAP Financial Measures

			Three-month period ended December 31,		Year ended December 31,	
			2011	2010	2011	2010
			(dollars in millions)		(dollars in millions)	
Net loss attributable to Momentive Performance Materials Inc.		$	(95)	(89)	(141)	(64)
(Gain) loss on extinguishment and exchange of debt			(7)	78	(7)	78
Interest expense, net			63	66	256	249
Income taxes			5	3	27	(2)
Depreciation and amortization			50	54	197	197
EBITDA			16	112	332	458
Noncontrolling interest	(a)		-	1	1	1
Restructuring and non-recurring	(b)		14	8	35	23
Cost Savings and Inventory Optimization	(c)		2	-	2	-
Non cash and purchase accounting effects	(d)		3	(12)	3	7
Exclusion of Unrestricted Subsidiary Results	(e)		(4)	(6)	(22)	(19)
Management fee and other	(f)		3	1	6	4
Savings from shared services agreement	(g)		4	12	28	50
Adjusted EBITDA		$	38	116	385	524
Inclusion of Unrestricted Subsidiary Results			4	6	22	19
Combined Adjusted EBITDA		$	42	122	407	543
Combined Adjusted EBITDA excluding pro forma savings from the Shared Services Agreement		$	38	110	379	493
Key Calculations under Credit Agreement						
Total Senior Secured Net Debt		$	801			
Senior Secured Leverage Ratio for the twelve-month period ended December 31,2011			2.08			

(1) This presentation contains non-GAAP financial information. Adjusted EBITDA and Combined Adjusted EBITDA are non-GAAP financial measure as defined by SEC rules. Adjusted EBITDA and Combined Adjusted EBITDA are not intended to represent any measure of earnings or cash flow in accordance with US GAAP and the calculation and use of this measure may differ from other companies. Adjusted EBITDA and Combined Adjusted EBITDA should not be used in isolation or as a substitute for measures of performance or liquidity. Adjusted EBITDA and Combined Adjusted EBITDA should not be considered an alternative to operating income or net income (loss) under US GAAP to evaluate results of operations or as an alternative to cash flows as a measure of liquidity. Adjusted EBITDA is defined as MPM's Adjusted EBITDA plus EBITDA of the unrestricted subsidiaries. (The Unrestricted Subsidiaries are excluded from Adj. EBITDA as defined in our debt documents.) The Combined Adj. EBITDA of MPM includes expected synergies from the shared services arrangement. For additional information on Momentive Performance Material's Adj. EBITDA, including a reconciliation of such previously reported amounts to the company's operating income, please see the company's press release discussing its most recent earnings results as issued on March 2, 2012.

(2) Momentive Performance Materials Holdings LLC ("Holdco") is the ultimate parent company of MPM and MSC (collectively, the "new Momentive"). **The MSC debt is not issued or guaranteed by HoldCo, Momentive Performance Materials Holdings Inc. (" MPM Holdings"), MPM or any of MPM's subsidiaries, and is also not secured by any assets of such entities. None of HoldCo, MPM Holdings, MPM, or any of MPM's subsidiaries is obligated with respect to any of MSC's indebtedness or other liabilities. The MPM debt is not issued or guaranteed by HoldCo, Momentive Specialty Holdings Inc. ("MSC Holdings"), MSC or any of MSC's subsidiaries, and is also not secured by any assets of such entities. None of HoldCo, MSC Holdings, MSC, or any of MSC's subsidiaries is obligated with respect to any of MPM's indebtedness or other liabilities.**

Footnotes for Reconciliation of Non-GAAP Financial Measures

(a) Reflects the elimination of noncontrolling interests resulting from the Shenzhen joint venture.

(b) Relates primarily to restructuring and non-recurring costs.

(c) Represents estimated cost savings, on a pro forma basis, from initiatives implemented or being implemented by management, including headcount reductions, indirect cost savings, and inventory optimization programs. For the fiscal year ended December 31, 2011, estimated cost savings includes facility rationalizations and headcount reductions.

(d) Non-cash items include the effects of (i) stock-based compensation expense, (ii) purchase accounting, (iii) non-cash mark-to-market revaluation of foreign currency forward contracts and unrealized gains or losses on revaluations of the U.S. dollar denominated debt of our foreign subsidiaries and the Euro denominated debt of our U.S. subsidiary, (iv) unrealized natural gas derivative gains or losses, and (v) reserve changes and impairment charges. For the fiscal year ended December 31, 2011, non-cash items include: (i) stock-based compensation expense of $2 million, (ii) unrealized foreign currency exchange loss of $7 million, and (iii) a pension curtailment gain of $6 million. For the fiscal year ended December 31, 2010, non-cash items include: stock-based compensation expense of $3 million, and (ii) unrealized foreign currency exchange loss of $4 million.

(e) Reflects the exclusion of EBITDA of our subsidiaries that are designated as Unrestricted Subsidiaries under our debt documents.

(f) Management Fees and Other include management and other fees to Apollo and affiliates and business optimization expenses.

(g) Represents estimated cost savings, on a pro forma basis, from the Shared Services Agreement with MSC.

Momentive Performance Materials Debt at December 31, 2011

($ in millions)

		2011		2010
JPMorgan Chase Bank, N.A. term loan tranche B-1-A. Matures December 4, 2013. Interest is payable monthly and 1% per annum principal payments are payable quarterly. Interest varies at LIBOR plus 2.25%. The interest rate as of December 31, 2011 and 2010 was 2.563%.	$	66	$	504
JPMorgan Chase Bank, N.A. term loan tranche B-1-B. Matures December 4, 2015. Interest is payable monthly and 1% per annum principal payments are payable quarterly. Interest varies at LIBOR plus 3.50%. The interest rate as of December 31, 2011 3.813% .		433		—
JPMorgan Chase Bank, N.A. term loan tranche B-2-A denominated in Euros. Matures December 4, 2013. Interest is payable monthly and 1% per annum principal payments are payable quarterly. Interest varies at Euro LIBOR plus 2.25%. The interest rate as of December 31, 2011 and 2010 was 3.447% and 3.053%, respectively.		110		506
JPMorgan Chase Bank, N.A. term loan tranche B-2-B denominated in Euros. Matures December 4, 2015. Interest is payable monthly and 1% per annum principal payments are payable quarterly. Interest varies at Euro LIBOR plus 3.50%. The interest rate as of December 31, 2011 was 4.697%.		382		—
9.0% Springing Lien Dollar Notes. Matures on January 15, 2021. Interest is payable semi-annually at 9.0%.		1,161		1,161
Springing Lien Euro Notes. Matures January 15, 2021. Interest is payable semi-annually at 9.5%.		171		198
Senior Subordinated Notes. Matures December 1, 2016. Interest is payable semi-annually at a coupon rate of 11.5%, with a yield-to-maturity of 11.68% as the notes were issued at a discount of $7, of which less than $1 was amortized during the years ended December 31, 2011 and 2010.		379		379
Second-Lien Senior Secured Notes. Matures June 15, 2014. Interest is payable semi-annually in cash at 12.5%.		179		172
Agricultural Bank of China Fixed Asset Loan denominated in RMB. Matures June 30, 2015. Interest on borrowings is based on 101% of the People's Bank of China reference rate. The weighted average interest rate at December 31, 2011 and 2010 was 6.51% and 5.76%, respectively. Interest is payable quarterly.		30		51
Agricultural Bank of China Revolving Working Capital Loan denominated in RMB. Matures June 30, 2012. Interest on borrowings is based on 105% of the People's Bank of China reference rate. The weighted average interest rate at December 31, 2011 was 6.88%. Interest is payable quarterly.		16		—
India Bank Medium Term Loan denominated in INR. Matures June 20, 2015. Interest on borrowings is set annually and is based on 99.5% of India Bank's Benchmark Prime Lending Rate plus a Tenor Fee of 0.5%. The interest rate at December 31, 2011 and 2010 was 15.00% and 13.25%, respectively. Interest is payable monthly.		4		6
Total long-term debt		2,931		2,977
Less current installments		36		25
Long-term debt, excluding current installments	$	2,895	$	2,952

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